Iowa Department of Natural Resources Environmental Protection Commission

ITEM 15 DECISION

TOPIC Air Quality - Title V Fee SFY 2007 Budget

The Commission is asked to approve the attached Title V Operating Permit budget establishing the annual Title V fee at \$32.75 per ton air pollution emitted from Title V Operating Permit subject sources. This represents a \$1.15 per ton increase compared to the current fiscal year. This represents a 3.6% increase to accommodate personnel and program increases.

The Title V fee is based on the first 4,000 tons of each regulated air pollutant emitted each year from each major stationary source in the state. The fee is used to support the development and administration of activities associated with major sources subject to the Title V Operating Permit Program.

Annually on March 31, sources required to obtain Title V Operating Permits submit to the department annual emissions statements for the previous calendar year. The Department totals these emissions and provides that information to the Commission no later than the May meeting. The Commission will then be asked to set the fee based on the program budget.

Air Quality Funding Sources and Cost Centers - The Air Quality Bureau budget is divided into three primary areas: Air Quality Program, Air Title V Program, and PM2.5 Monitoring. Expenditures in the two primary program areas (Air Quality Program and Air Title V) are divided between multiple expenditure (cost center) accounts and a variety of funding sources as listed in Table 1.

Clean Air Act section 105 money is awarded to the department through a Performance Partnership Grant (PPG) with the EPA. The PPG is the financial component of the Performance Partnership Agreement (PPA). The department negotiates the PPG on an annual cycle while the PPA is negotiated on a two-year cycle. The PPA contains the mutually agreed upon goals that the EPA and DNR will work together to achieve during the two year agreement period. For air quality, the tasks that must be accomplished to achieve the agreed upon goals are contained in the 105 work plan, which is an attachment to the PPA. No Title V money is included in the PPG.

Table 1. Summary of Cost Centers and Funding Sources

Program Area	Expenditures (Cost Center)	Funding Source*
	·	
Air Quality Program includes:		
Air Quality central office base program	7220	CAA 105 & GF
Air Quality field office base program	7419	CAA 105 & GF
IT Support	3510	CAA 105 & GF
Air Title V includes:		
Legal Services	1430	TV Fees
Title V Information &Education	1556	TV Fees
Title V Operating Permit Program	7230	TV Fees
Title V Field Program	7421	TV Fees
IT Support	3520	TV Fees
PM 2.5 Monitoring includes:		
PM 2.5 Monitoring network	7240	CAA 103

^{*} CAA 105 – Clean Air Act section 105 grant with a state match required CAA 103 – Clean Air Act section 103 grant with no state match required GF – Legislatively appropriated General Funds TV Fees – Title V fees

Carryover Funds - The Bureau has been working each year since the program's inception to develop a budget that more accurately reflects the amount of funding required to implement the Title V program. The Air Quality Bureau budget is planned each year with approximately a one percent reserve. This is considered to be an adequate margin to offset factors such as higher than expected expenses, changes in the actual emissions reported, and reimbursement of fees to companies that may have over paid Title V fees in previous years.

Title V Budget Changes – The department met with a representative group of the core Title V fee payers on January 19, 2006, and has provided on-going correspondence to the group since the meeting. During the meeting, the fee payers reviewed the draft budget and supported the changes discussed at the meeting. Total Title V Fund expenditures are proposed to be increased from the current SFY 2006 budget levels by 6.6% or \$540,000 in the SFY 2007 budget. The fee is proposed to increase by 3.6%, from \$31.60 to \$32.75. Details on where changes to the budget are being proposed are listed in the attached spreadsheet in the "Notes" column.

1. Personnel and indirect costs: The personnel numbers have been updated with information from the Department of Management. The indirect costs will increase from 11.46 percent to 12.29 percent in SFY 2007. Two FTEs were shifted from cost center 7720 to Title V to allow for an increased level of effort on major source permitting and increased management focus on major source permitting time. The IT consolidation in August 2005 resulted in four FTE were shifted from this cost center to the new Title V – IT cost center (3520). The department, after consultation with the core Title V fee payers, will

proceed with creating a FTE position to provide asbestos assistance to Title V sources. Finally, a new FTE will be added to manage and better utilize major source information. The position will ensure that the data we collect is consistent and complete across the Bureau, and contains the needed air quality program related information. This position will also work with sections to develop plans for applying the SPARS tools to the best advantage of both the staff and our clients.

2. Professional Services:

- The Linn and Polk County Local Air Quality Programs have increased personnel and benefits costs in accordance with collective bargaining agreements.
- The UHL contract amount reflects an increase of five percent due to increased personnel costs. The shortfall in PM 2.5 monitoring money of \$42,000 due to a reduction in CAA 103 money has also been added into the contract.
- The department plans to contract with a computer consultant to continue working on SPARS maintenance issues.
- The department has budgeted \$30,000 to maintain the existing scanned images with the department's image scanning contractor Lason and proposes to spend an additional \$30,000 to continue to scan construction permit files as they come into records. This number is based on the average number of permits, correspondence, etc. that comes into records.

Livestock Air Monitoring – As indicated in Governor Vilsack's proposed budget, the department has requested an additional appropriation that will include funding for operational expenses related to the on-going animal feeding operation field study of hydrogen sulfide and ammonia. The department anticipates that this funding will be approved by the Legislature. This funding does not affect the Air Quality Program, Air Title V Program, or PM2.5 Monitoring.

Wendy Rains Environmental Specialist Senior Program Development Section, Air Quality Bureau

Memo date: April 25, 2006

	Cost Center & Expenditure Category		SFY 2006	SFY 2007	Difference	
I		Actual	Budget	Budget	07-06	Notes
	Legal Services- (1430)					
1 7	Fotal	108,151	107,845	129,670	21,825	3% increase for personnel costs
				•		
A	Air Title V - I&E (1556)					
I	FTE	1.00	1.00	1.00		
2 7	Fotal	83,115	92,373	81,853	-10,520	Change in position
			· ·	· · · · · · · · · · · · · · · · · · ·		
F	PPG - IT (3510)					
	FTE	0.00	0.00	1.00		The IT consolidation occurred after the start of the SFY 06
3 1	Fotal	0	0	99,947	99,947	fiscal year. This reflects the amount of IT effort on the grant.
A	Air Title V - IT (3520)					
I	FTE	0.00	0.00	4.00		
		0.00	0.00	4.00		This change is also due to the IT consolidation. This amount
4]	Fotal	0	0	463,654	463,654	reflects the amount of IT effort for the Title V program.
	Air Quality Program (7220)					FTE shift due to IT consolidation (1 FTE to 3510) and EPA CAA
I	FTE	18.50	17.50	14.50		reduction (2 FTE to 7230)
5 F	Personnel	1,141,821	1,243,934	1,057,000	-186,934	5% increase for personnel costs
6 Т	Fravel, vehicle operation & depreciation	22,582	30,620	27,480	-3,140	
7 S	Supplies	28,958	28,550	28,650	100	
8 (Communications	16,539	20,000	20,000	0	
9 F	Rent and Monitoring Utilities	67,169	59,000	59,000	0	
10 F	Professional Services (Total)	563,068	569,000	564,667	-4,333	
10a	Linn County Local Program Agreement	[126,652]	[126,652]	[119,756]	-6,896	Reduction in EPA CAA funding
10b	Polk County Local Program Agreement	[158,356]	[171,038]	[162,925]	-8,113	Reduction in EPA CAA funding
10c	UHL Agreement	[259,329]	[271,139]	[281,985]	10,846	4% increase for personnel costs
10d	Bi-State	[16,200]	[0]	[0]	0	
10e	Other	[2,531]	[171]	[0]	-171	
11 (Outside services	27,282	21,000	21,000	0	
12 A	Advertisement, reimbursements	15,186	9,000	9,000		
13 E	Equipment	7,799	82,000	80,500	,	Air monitoring equipment & IT equipment
14 E	Equipment Non-inventory.	0	13,000	12,500		
15 I	Indirect charges	138,731	142,555	129,905	-12,650	
16 T	<u> Fotal</u>	2,029,135	2,218,659	2,009,702	-208,957	
		-		•		

Item	Cost Center & Expenditure Category	SFY 2005 Actual	SFY 2006 Budget	SFY 2007 Budget	Difference 07-06	Notes
	Air Title V Program (7230)					
	FTE	49.75	52.00	52.00	0.00	FTE shift due to IT consolidation (4 FTE to 3520), EPA CAA reduction (2 FTE from 7220), a new FTE for major source
17	Personnel	48.75	52.00	52.00		asbestos projects, and a new FTE for data use and consistency
17		3,188,429	3,641,400	3,665,000	,	Travel expenses shifted to Title V - IT (3520)
19	Travel, vehicle operation & depreciation	93,099	79,600	70,600 91,300	,	
20	Supplies Communications	69,512	84,700	60,000		
21	Rent and Monitoring Utilities	111,866	65,000 183,000	173,000		
22	Professional Services (Total)	154,595				
	1 1	2,249,866	2,535,332	2,572,854		
22a	Computer Consultant Services	[142,578]	[100,000]	[50,000]	,	SPARS maintenance assistance
22b	Linn County local program agreement	[443,222]	[492,094]	[521,847]		Increase for personnel costs
22c	Polk County local program agreement	[461,872]	[499,426]	[512,909]	13,483	Increase for personnel costs DED's program is now multimedia & receiving funds from other
22d	Environmental Liaison	[39,263]	[65,000]	[50,000]	-15 000	parts of the DNR.
22e	UNI Small Business Assistance agreement	[422,644]	[436,433]	[439,600]	,	Increase for personnel costs
22f	CTAT STRAIT Business Trissistance agreement	[122,011]	[150,155]	[137,000]	3,107	5% increase for personnel costs and includes shortfalls in PM 2.5
221	UHL Agreement	[709,487]	[882,379]	[968,498]	86,119	monitoring
22g	Attorney General's Office	[30,000]	[30,000]	[30,000]	0	-
22h	Other	[800]	[30,000]	[0]	-30,000	
23	Outside services (Total)	169,977	84,000	71,500	-12,500	
23a	Misc.	[39]	[1,000]	[1,000]	0	
23b	Computer maintenance (Software)	[735]	[0]	[0]	0	Decreased due to a shift in accounting codes, item moved to line 17 - Supplies.
23c	Filter replacement and Misc.	[0]	[5,000]	[7,500]	2,500	
23d	Temporary Services	[0]	[15,000]	[0]	-15,000	Occasional assistance for data/paper management
23e	Interagency Delivery	[2,938]	[3,000]	[3,000]	0	
23f	Merit Resources Positions	[56,433]	[0]	[0]	0	Merit Resources staff converted to state FTE in SFY 2005
23g	Image Scanning	[109,832]	[60,000]	[60,000]	0	Funding for maintenance of scanned image records (\$30,000) and for ongoing scanning projects (\$30,000)
24	Advertisement, reimbursements	25,496	18,000	16,500	-1,500	
25	Equipment (Total)	195,713	183,000	182,300	-700	
25a	Air monitoring & Lab equipment	[78,990]	[80,000]	[80,000]	0	
25b	Computer hardware purchase	[70,825]	[103,000]	[102,000]	-1,000	
25c	Office equipment & furniture	[45,898]	[0]	[300]	300	
26	Equipment Non-inventory.	102,376	37,000	34,700	-2,300	Reduction based on projected expenses
27	Other expenses	9,870	12,000	11,300	-700	
28	Indirect charges	387,394	417,304	450,429		
29	Total	6,758,193	7,340,336	7,399,483		
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Item	Cost Center & Expenditure Category	SFY 2005 Actual	SFY 2006 Budget	SFY 2007 Budget	Difference 07-06	Notes
	PM 2.5 Monitoring (7240)					EPA CAA 103 funding decreased
30	Total	602,203	515,260	473,754	-41,506	
	DOT ICAAP Grant (7260)					
	FTE	0.25	0.00	0.00		No grant funds for SFY 2007 for the ad campaign
31	Total	209,036	42,000	0	-42,000	
	Air Quality Field Program (7419)					
	FTE	3.00	3.00	3.00		Increase for personnel costs
32	Total	208,326	247,190	256,831	9,641	
	Air Title V Field Program (7421)					
	FTE	6.00	6.00	6.00		Increase for personnel costs
33	Total	515,827	570,099	585,240	15,141	
		,	,	,		
	Livestock Air Monitoring					
	FTE	0.00	0.00	0.00		AFO monitoring network established.
34	Total	454,682	360,716	275,000	-85,716	
			2 2 2 3 7 2 2		00,710	
		Reveni	ie and Expendi	iture Summar	ies	
	PPG (105 Federal Grant & Match)					
	Total Revenue	2,402,437	2,465,849	2,366,480	-99,369	
35a	General Fund	[1,288,000]	[1,288,000]	[1,288,000]	0	
35b	Federal 105 air grant	[1,098,237]	[1,098,237]	[1,028,480]	-69,757	
35c	Performance Partnership Grant (PPG)	[16,200]	[79,612]	[50,000]	-29,612	
36	Total Expenditures	2,237,461	2,465,849	2,366,480	-99,369	
36a	PPG - IT (3510)	[0]	[0]	[99,947]	99,947	
36b	Air Quality Program (7220) Total	[2,029,135]	[2,218,659]	[2,009,702]	-208,957	
36c	Air Quality Field Program (7419) Total	[208,326]	[247,190]	[256,831]	9,641	
37	Revenues - Expenditures	164,976	0	0	0	

Title V	Actual	Budget	Budget	07-06	Notes
Total Revenue	8,653,564	8,866,148	8,737,095	-129,053	
Balance forward	[775,338]	[1,288,614]	[747,095]	-	
Title V fees	[7,474,034]	[7,419,078]	[7,860,000]	440,922	
Tonnage	231,753	234,781	240,000		
Fee/ton	32.25	31.60	32.75	1.15	
Fund interest	[143,412]	[120,000]	[130,000]	10,000	
Under and Over Payments	[260,780]	[38,456]	[0]	-38,456	
Total Expenditures	7,364,950	8,119,053	8,659,900	540,847	
Legal Services (1430) Total	[108,151]	[107,845]	[129,670]	21,825	
Air Title V - I&E (1556) Total	[83,115]	[92,373]	[81,853]	-10,520	
Air Title V - IT (3520)	[0]	[0]	[463,654]	463,654	
Air Title V Program (7230) Total	[6,616,050]	[7,340,336]	[7,399,483]	59,147	
Smoking Tailpipe (7260) Total	[41,807]	[8,400]	[0]	-8,400	
Air Title V Field Program (7421) Total	[515,827]	[570,099]	[585,240]	15,141	
Revenues - Expenditures	1,288,614	747,095	77,195		There was \$330,000 in outstanding obligations carried from SF1 05 to SFY 06.
Livestock Air Monitoring Cost Center					
Total Revenue	454,682	360,716	275,000	-85,716	
Total Expenditures	454,682	360,716	275,000	-85,716	
Revenues - Expenditures	0	0	0	0	
		Staffing Sur	nmary		
I&E	1.00	1.00	1.00	0.00	
TT .	0.00	0.00	5.00	5.00	
Field Office FTE	9.00	9.00	9.00	0.00	
Air Quality Bureau FTE	67.50	69.50	66.50	-3.00	
Total Air Quality FTE	77.50	79.50	81.50	2.00	
Total Air Quality Budget	10,968,668	11,494,478	11,775,134		
	Tonnage Fee/ton Fund interest Under and Over Payments Total Expenditures Legal Services (1430) Total Air Title V - I&E (1556) Total Air Title V - IT (3520) Air Title V Program (7230) Total Smoking Tailpipe (7260) Total Air Title V Field Program (7421) Total Revenues - Expenditures Livestock Air Monitoring Cost Center Total Revenue Total Expenditures Revenues - Expenditures	Tonnage	Tonnage	Tonnage	Tonnage 231,753 234,781 240,000 Fee/ton 32.25 31.60 32.75 1.15 Fund interest [143,412] [120,000] [130,000] 10,000 Under and Over Payments [260,780] [38,456] [0] -38,456 Total Expenditures 7,364,950 8,119,053 8,659,900 540,847 Legal Services (1430) Total [108,151] [107,845] [129,670] 21,825 Air Title V - I&E (1556) Total [83,115] [92,373] [81,853] -10,520 Air Title V Program (7230) Total [6,616,050] [7,340,336] [7,399,483] 59,147 Smoking Tailpipe (7260) Total [41,807] [8,400] [0] -8,400 Air Title V Field Program (7421) Total [515,827] [570,099] [585,240] 15,141 Revenues - Expenditures 454,682 360,716 275,000 -85,716 Total Revenue 454,682 360,716 275,000 -85,716 Total Expenditures 454,682 360,7